

**CONSOLIDATED IRRIGATION DISTRICT No. 19**  
**Spokane County, Washington**  
**January 1, 1994 Through December 31, 1994**

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**Schedule Of Findings**

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1. The District Should Improve Internal Controls Over The Utility Billing System

Our audit of the district's utility billing system, which receives nearly \$500,000 a year, revealed the following internal control weaknesses:

- a. There was a lack of segregation of duties. The accountant billed, collected, posted, deposited, made adjustments, and performed reconciliations without management oversight.
- b. Although the district did not have a policy on the waiving of late fees, this was sometimes done.
- c. An independent reconciliation of receipt and deposit composition was not performed. This is essential to the prevention and detection of a common scheme used to steal funds.
- d. Receipts were not issued for all funds collected by the district.
- e. An independent review of bills that were changed or deleted through manual override was not performed.

District management did not implement adequate internal controls over the utility billing system because they were unaware of the appropriate methods.

Weaknesses in the utility billing internal control system increase the risk that errors and/or theft could occur and not be detected in a timely manner, if at all.

We recommend the district improve internal controls over the utility billing system in the following ways:

- a. Either segregate the collection and accounting functions within the utility billing system or provide management oversight to lessen the impact of the lack of segregation of duties. For management oversight to be effective, an employee independent of the utility billing system should reconcile the accounts receivable control account to supporting journals and perform periodic audits of utility records.
- b. Implement policies and procedures regarding the waiving of late fees. Segregate collection responsibilities and the decision to waive late fees.
- c. Perform independent reconciliations of receipt and deposit composition.

- d. Issue receipts and deposit all funds collected by the district.
- e. An independent person should periodically review bills that were changed or deleted through manual override.